

Chapter 8:

Conclusion and Recommendations

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8.1 Conclusion

The OMCs have issued 7.19 crore PMUY/E-PMUY connections as on 31 March 2019 against the target of issuing eight crore connections by 2019-20. The Performance Audit covered the implementation of the scheme in order to examine whether the connections under the scheme were issued to eligible beneficiaries and transition to clean fuel *i.e.* LPG was ensured with sustained usage.

Analysis of data and the field audit conducted at selected distributors revealed some deficiencies in implementation of the scheme e.g. lack of due diligence in KYC checks and failure of de-duplication exercise conducted by OMCs as well as by NIC leading to release of connections to unintended beneficiaries viz. males, minors, multiple connections to same individual / household etc.

There was lack of adequate distributors in rural areas leading to delay in supplies of refills and inability to deliver the refills at residences of the beneficiaries. Audit noticed that only 0.24 *per cent* beneficiaries were provided 5 kg cylinder although expenditure finance committee and PPAC-CRISIL report had highlighted the importance of small 5 kg cylinder to make the scheme successful considering the high refill cost as a major barrier to LPG usage.

It was also observed that the OMCs' decision (April 2018) to defer the recovery of loan up to six refills could not achieve the desired result of boosting the consumption of loanee consumers in low consumption category as only a small number of those consumers returned for refills till 31 December 2018.

Incomplete documentation at the level of LPG distributors was also observed as pre-installation inspection reports and Installation Reports were not found annexed with KYC documents in some instances. As a result, audit could not derive an assurance whether the requisite checks were carried out to ensure safe installation and usage. This was corroborated from the Beneficiary Survey during field audit which revealed unsafe installation / usage of LPG.

Instances of non-transfer of subsidy were also observed which may prove a disincentive for transition to clean fuels by BPL beneficiaries.

PMUY, having main focus on providing LPG access to BPL households, has helped to increase the LPG coverage in the country from 61.9 *per cent* (May 2016) to 94.3 *per cent* (March 2019) as the pace of releasing connections witnessed a surge after launch of E-PMUY (March 2018) by including BPL beneficiaries apart from SECC-2011 database. However, the consumption pattern showed a downward trend of average annual refill consumption from 7.5 to 6.73 refills by non-PMUY consumers and from 3.9 to 2.98 refills by PMUY beneficiaries from 2016-17 to 2018-19.

At the time of approval of PMUY, MoPNG envisaged the intended benefits from implementation of the scheme as reduction in dependence on unclean fuels and improvement in health of women. However, it had not formulated any measureable performance indicators to assess the extent of achievement of these benefits.

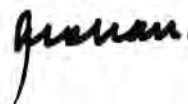
8.2 Recommendations

Following recommendations are proposed to address the issues raised in this Performance Audit:

- Aadhaar numbers of all adult family members of existing as well as new beneficiaries should be entered in the system to make de-duplication effective.

- Appropriate input controls, data validations and mandatory fields should be deployed in distributors' software to restrict issuance of LPG connections to ineligible beneficiaries;
- E-KYC needs to be initiated to reap twin benefits viz. capturing correct information and authenticating genuineness of the PMUY beneficiaries.
- LPG connections issued to minor beneficiaries may be transferred in the name of adult family member if the family is otherwise found eligible under PMUY.
- The feasibility of sharing the AHL TIN with the beneficiaries may be explored by MoPNG in coordination with MoRD.
- Massive safety campaigns need to be organized in order to ensure safe usage of LPG by PMUY beneficiaries.
- The option of subsidizing the cost of mandatory inspection may be explored to avoid risk hazards in the absence of regular inspections.
- As the target of releasing PMUY connections has been broadly achieved, PMUY beneficiaries in nil/low consumption category need to be encouraged for sustained usage.
- Cases of high consumption of refills should be regularly reviewed to curb diversion.
- Considering the audit findings on the basis of limited test check of sample cases, the entire LPG databases as well as physical records need to be scrutinized to identify and restrict release of connections to ineligible/male/minor beneficiaries/multiple connections.
- MoPNG, in consultation with concerned ministries, may develop a comprehensive roadmap for assessing the outcome in terms of measurable benefits like improvement in health of women and reduction in Household Air Pollution.
- Third Party Audit, as envisaged in the scheme, may be got carried out to assess the implementation of scheme.

The recommendations were discussed in Exit Conference and were largely accepted by MoPNG.



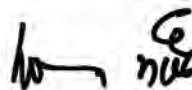
(VENKATESH MOHAN)

New Delhi:

Dated: 06 November, 2019

**Deputy Comptroller and Auditor General
and Chairman, Audit Board**

Countersigned



(RAJIV MEHRISHI)

New Delhi:

Dated: 06 November, 2019

Comptroller and Auditor General of India